

OPENING STATEMENT

The Rt. Hon. Ratu Sir Kamisese Mara, GCMG, KBE.
Prime Minister of Fiji

Your Excellencies, My Lord, Ladies and Gentlemen,

I was indeed very pleased when your Organising Committee invited me to open this important and unique Seminar which as you know, was so thoughtfully suggested by British Trade Unionists working in the cane sugar refining industry.

I say unique because this is the first time that experts from all four corners of the industry - representatives of Governments, trade unions, industrial management, and cane farmers - from no less than ten countries have met together to discuss and exchange views on some of the major problems facing our industry. It is wise for us to think of ourselves as partners in an industry which provides livelihoods for so many of our people. We do no justice to our countries, if we bicker and divide. We have to find common ground through discussion and cooperation on all sides. The days of confrontation between cane growers, mill management and labour should be put behind us, as we realise the importance of unity.

That this Seminar is important hardly needs to be said when it is considered that the annual exports of raw cane sugar from ACP countries to the Community, and in particular Britain, amount to over a million tonnes per year. For most ACP sugar producers Britain is still the biggest single market for their export production and as such the preservation of this market is vital to the economic and social well being of our countries and our peoples.

During the course of the Seminar you are going to be considering specifically the problems of our industry in the 1980's. If we look back on the previous decade, we see a period which brought great changes to our sugar trade with the United Kingdom. With the entry of Britain into the Community we were faced with long and arduous negotiations for arrangements to replace the Commonwealth Sugar Agreement. Having then successfully negotiated the Sugar Protocol as part of the first Lomé Convention, we subsequently found that our sugar trade with the U.K. had to be carried out in a different climate and under very changed circumstances from those that we had previously enjoyed. We quickly realised that the old bonds and ties of the Commonwealth did not have the same value in a U.K. influenced in its decision-making by EEC partners. We saw an upsurge in beet sugar production in Britain which led to the contraction of the market for our product and the sole U.K. refiners found themselves with excess refining capacity.

Some rather painful decisions had to be made by Tate & Lyle resulting in the closure of two refineries and the consequent loss of livelihoods for many employees. However, I now understand that as a result of this unpalatable surgery, U.K. cane sugar refining is once again strong and viable and we must ensure that it continues to remain so.

We therefore had many challenges to meet and problems to face in the past, and it was only by maintaining our unity and cohesive approach that these problems were successfully overcome. Some of these problems will recur in the eighties and no doubt new challenges will arise. I would suggest that the preservation of our unity of purpose and action is of paramount importance for the future.

We all know that at the time of Britain's entry into Europe there were forces that were unsympathetic to the ACP sugar producers and opposed to the continued entry of our cane sugar into the Community. These forces are still there.

They are exemplified today by those who hold the view that we should sell our Lomé quotas on the world market and be compensated by aid for the inferior price we would receive. This is a proposition which I suggest we should reject. We who negotiated the Sugar Protocol insisted from the start that the arrangement was one of "Trade" not "Aid", and I believe it must continue to be so. A similar argument is held by those who, whilst professing to have our interest at heart have proposed, I might even say preached to us, diversification, and by this they mean away from sugar.

Perhaps it is not always realised how much more difficult it is to diversify in our developing countries than it is in the developed ones, and some advanced countries have found it difficult enough. Diversification entails capital investment, production and markets. There are a number of international sources for loans for investment and transfer of skills for production, but marketing is the most difficult of these three factors. It is difficult enough to protect let alone enlarge the market for what we are producing now; the thought of multiplying our worries and anxieties over diversified product markets is a daunting one indeed. Moreover, there is no need to preach to us about diversification, we know how important it is.

However, there are other general and particular problems of our cane sugar industry that merit close attention in the course of this Seminar. I refer specifically to the increasing cost of machinery, fuel, fertilizer, labour and freight - items which have a direct bearing on ACP sugar production. The currently depressed sugar price due largely

to over production in the traditional markets, has exacerbated the position of ACP sugar producers.

For agricultural products, apart from sugar, which have found access into the Community markets, STABEX has been absolutely vital. If diversification is to be encouraged, the principle of STABEX must be extended to cover both agricultural and industrial products. If the latter cannot come under STABEX, then a guaranteed market like that of sugar must be provided. The guaranteed market for sugar has been the one life saving assurance to a number of cane-sugar producing countries during this world recession. There should be no tampering with this guarantee.

All our efforts must be directed towards ensuring that the major part of our sugar market under the I.S.A. is improved and assured for the future. It is only after our sugar markets are guaranteed to provide us with a reasonable standard of living that we can have the ease of mind to think of diversification.

Agricultural chemical fertilizers are produced mainly in industrialised countries. They are vital in the struggle of ACP farmers to compete against production costs in countries which produce the chemical fertilizers. Our farmers are at a great disadvantage when compared with beet sugar producers whose fertilizers are available at their doorstep. Then there is the high price of fuel which affects both production and freight from ACP countries to their markets in Europe where their competitors have little freight to pay in comparison. There is a view in the EEC that considers as irrelevant in terms of the Sugar Protocol, the question of freight for ACP sugar. It is a stance that is inconsistent with the spirit of the Lomé Convention. These are some of the issues and problems that we must face together and for which we must find solutions as we develop our cane sugar industry in the decade ahead.

In addition to these questions, there is the general issue of ACP/EEC sugar trade and related matters. We all know that ACP sugar producers, in common with other similar producers, are facing a very serious world market situation.

In my own country for example, production is between 450,000 and 500,000 tonnes of sugar each year. Of this amount more than 90% has to be exported. Whilst the EEC is our largest single outlet, considerably more than half our exports have to be sold on the world market. The state of this market is therefore of very great importance to ourselves and to many other ACP producers.

The present International Sugar Agreement has proved ineffective in bringing stability to the market. The Agreement has many faults, but in any event it has had little chance of success without membership by the EEC which, after all, is now the second largest exporter of sugar in the world. We, the ACP Group, would like the EEC to take heed of their repeated advice to us on diversification and have continually urged the Community to join with the rest of the sugar world in efforts to bring some order into the world sugar economy. It is gratifying therefore that in the preparatory work over the last few months for a new ISA, the EEC has played a leading part. Let us hope that it will continue to do so in the negotiations due to start next week in Geneva, and that what will emerge will be an effective Agreement with EEC membership. In this way the Community's sugar industry will be subject to the disciplines to which we as members of the Agreement have been subject over the years.

This Seminar is being held at a time when our countries are facing grave economic problems and many of our sugar industries are in serious difficulties. The cane industry in our countries and the refining industry in Europe and above all in Britain, must operate in a market which is dominated by the greatly expanded European beet industry. During the next few days, you will be looking at some of the problems I have outlined and others I have not mentioned. I know you do not expect to arrive at dramatic solutions. But through discussion and exchange of ideas there will be a better understanding of each other's points of view and perhaps new perspectives will emerge which will stand us in good stead and help us to overcome the vicissitudes of the future.

The cane sugar industry in the ACP countries and the cane refining industry here are mutually dependent and therefore in our dealings with the Community, both sectors must gain by adopting a common policy. Such a policy must continually reflect the spirit of partnership and assistance that are embodied in the Lomé Convention. The path we must follow is one of persuasion based on common understanding and dialogue. The process we should continually pursue is one of real negotiation, which is not a contest of eloquence, but a search for areas of agreement that are mutually supportable. Trade offs are part of this process.

There is no doubt that the solution to many of our problems lies in a reasonable interpretation of the Lomé Convention. To the ACP countries it has given us much more than a hope for a better future. Hope has always induced effort, and effort has always produced achievement. We are prepared to play our part because we believe that the survival of the Lomé Convention seems the only sure way in which the economic dialogue between North and South could

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remain a meaningful exercise in the search for a better future for us all.

I am confident that the discussions in the next few days will take us a step further in that direction.

I now have great pleasure in formally declaring open this Seminar "Challenge to Cane Sugar in the 1980's."